

**BYLAWS
OF
ROTARY CLUB OF SOUTH HILO FOUNDATION**

ARTICLE 1

OFFICES AND AGENT

Section 1.1 Registered Office and Registered Agent. The Corporation shall continuously maintain in the State of Hawaii a registered office and a registered agent whose business office is identical with the registered office. The registered agent may be an individual who resides in the State of Hawaii, or a Hawaii or foreign entity authorized to transact business or conduct affairs in the State of Hawaii. The Corporation may change its registered office, its registered agent or both.

Section 1.2 Principal and Other Offices. The principal office of the Corporation, being the office designated from time to time in the annual report where the principal executive offices of the Corporation are located, and other offices of the Corporation, if any, may be located at any place in or out of the State of Hawaii as the board of directors may designate or as the purposes of the Corporation may require.

ARTICLE 2

DIRECTORS

Section 2.1 Authority of Board of Directors. All corporate powers shall be exercised by or under the authority of its board of directors including the management of the Corporation's affairs.

Section 2.2 Qualifications and Number of Directors. All directors shall be individuals. However, a director need not be a resident of Hawaii. The board of directors shall consist of five (5) or more individuals. The number of directors may be increased or decreased (but to no fewer than five (5) from time to time by the board of directors).

Section 2.3 Ex-Officio Directors. The persons holding the following positions shall be ex-officio directors of the Corporation for the period during which such person holds such position: President of the Rotary Club of South Hilo. Ex-officio directors shall have the right to receive notice of, attend and have all privileges of the floor at meetings of the board of directors; provided, however, that ex-officio directors shall not be counted in determining whether a quorum is present at any meeting, shall not have the right to vote and shall not have any of the duties or responsibilities of a director of the Corporation.

Section 2.4 Election. Except for the initial directors and the ex-officio directors, all the directors shall be elected at each annual meeting of the board of directors or at any regular or special meeting of the board of directors held for that purpose.

Section 2.5 Term of Office. The initial term of each director after the formation of the Corporation, other than an ex-officio director, shall be a minimum of two (2) years. Thereafter, the directors shall serve staggered terms of three years, with three groups of directors, and each group containing one third of the total of directors, as near as may be. Upon the expiration of the initial two year term after formation of the Corporation, one group of directors shall serve a term of one year, the second group shall serve a term of two years, and the third group a term of three years. Despite the expiration of a director's term, the director continues to serve until the director's successor is elected or until there is a decrease in the number of directors. A decrease in the number of directors or term of office does not shorten an incumbent director's term. The term of a director filling a vacancy in the office of a director expires at the end of the unexpired term that the director is filling. No person may serve more than two consecutive three year terms as a director.

Section 2.6 Resignation of Directors. A director may resign at any time by delivering written notice to the board of directors, the chair of the board, the president, or the secretary. Unless the notice specifies a later effective date, the resignation is effective at the earliest of the following: when the notice is received; five (5) days after its deposit with the U.S. Postal Service as evidenced by the postmark, provided the notice is correctly addressed with first class postage; on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee; or thirty (30) days after its deposit with the U.S. Postal Service as evidenced by the postmark, if correctly addressed but with other than first class, registered, or certified postage. If a resignation is made effective at a later date, the board of directors may fill the pending vacancy before the effective date if the board of directors provides that the successor does not take office until the effective date.

Section 2.7 Removal of Directors. A director, other than an ex-officio director, may be removed without cause by the vote of two-thirds (2/3) of the directors then in office.

Section 2.8 Vacancy on Board. If a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors, the board of directors may fill the vacancy. If the directors remaining in office constitute fewer than a quorum, the board of directors may fill the vacancy by the affirmative vote of a majority of all the directors entitled to vote remaining in office. A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

Section 2.9 Compensation of Directors. Directors shall serve without remuneration. The board of directors may provide for reimbursement of all or part of directors' reasonable expenses of attending meetings of the board of directors or committees.

Section 2.10 Meetings of the Board of Directors. A regular meeting of the board of directors shall be held without notice other than this bylaw for the purpose of electing directors, appointing officers and transacting such other business as may come before the meeting. The board of directors may hold other regular meetings or special meetings in or out of the State of Hawaii. The board of directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 2.11 Action Without a Meeting. Action required or permitted to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members of the board of directors entitled to vote. The action must be evidenced by one or more written consents describing the action taken, signed by each director entitled to vote or transmitted in an electronic transmission, and included in the minutes filed with the corporate records reflecting the action taken. Action taken by unanimous written consent of the directors is effective when the last director signs the consent, unless the consent specifies a different effective date. An unanimous written consent as described above has the effect of a meeting vote and may be described as such in any document.

Section 2.12 Call and Notice of Meetings. Regular meetings of the board of directors may be held without notice of the date, time, place, or purpose of the meeting. Special meetings of the board of directors must be preceded by at least two (2) days' notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting. Any board action to remove a director; approve a sale, pledge or transfer of all or substantially all of the assets of the Corporation; or approve a plan of merger, conversion, or dissolution shall not be valid, unless each director is given at least seven (7) days written notice that the matter will be voted upon at a board of directors' meeting, unless notice is waived pursuant to section 2.13. The chair of the board, the president, or twenty (20) percent of the voting directors then in office may call and give notice of a meeting of the board of directors. Such notice shall be delivered in person, by telephone, by mail or by electronic transmission to each director. Oral notice is effective when communicated. If mailed, notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the director at the director's address as it appears on the records of the corporation. Notice given by electronic transmission shall be deemed given when directed to an electronic mail address or facsimile number at which the director has consented to receive notice.

Section 2.13 Waiver of Notice. A director may waive any required notice before or after the date and time stated in the notice. The waiver shall be in writing, signed by the director entitled to the notice and filed with the minutes or corporate records; except that a director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting or prior to the vote on a matter not noticed in conformity with the law or the bylaws objects to lack of notice and does not thereafter vote for or assent to the objected to action.

Section 2.14 Quorum and Voting. A quorum of the board of directors consists of a majority of the directors in office and entitled to vote immediately before a meeting begins, provided that a quorum is not fewer than the greater of one-third of the number of directors in office and entitled to vote or two (2) directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present and entitled to vote is the act of the board unless the Hawaii Nonprofit Corporation Act, the articles of incorporation, or these bylaws require the vote of a greater number of directors. Voting by proxy shall not be permitted at any meeting of the board of directors or of any committees or bodies created by the board of directors.

Section 2.15 Committees of the Board. The board of directors may create one or more committees and appoint members of the board to serve on them. Each committee must have two or more members, who serve at the pleasure of the board of directors. The creation of a committee and appointment of members to it must be approved by the greater of: (a) a majority of all the directors in office and entitled to vote when the action is taken, or (b) the number of directors required to take action under Section 2.14 of these bylaws. Sections 2.10 to 2.14 of these bylaws which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the board of directors, apply to committees and their members as well. To the extent specified by the board of directors, each committee may exercise the authority of the board of directors, provided, however, a committee may not:

- (1) Authorize distributions;
- (2) Approve dissolution, merger, or the sale, pledge or transfer of all or substantially all of the Corporation's assets;
- (3) Elect, appoint, or remove directors or fill vacancies on the board of directors or on any of its committees; or
- (4) Adopt, amend, or repeal the articles of incorporation or bylaws.

Section 2.16 Advisory Committees. The board of directors may designate and create one or more advisory committees, each of which shall consist of at least one director and such other persons appointed by the board. Such advisory committees shall provide advice to the board of directors but shall have no power or authority to act on behalf of the corporation.

ARTICLE 3

OFFICERS

Section 3.1 Required Officers. The Corporation shall have the officers as shall be appointed from time to time by the board of directors. The same individual may simultaneously

hold more than one office in the Corporation. One of the officers shall have responsibility for preparation and custody of minutes of the directors' meetings and for authenticating records of the Corporation. Each officer shall have the authority and shall perform the duties prescribed by the board of directors or by direction of an officer authorized by the board of directors to prescribe the duties of other officers. Each officer shall hold office for a term of one (1) year and thereafter until his or her successor shall have been duly appointed and qualified, or until he or she shall resign or shall have been removed by the board of directors. The officers may include one or more of the following:

Section 3.1.1 Chair of the Board. The chair of the board shall preside at all meetings of the board of directors and shall perform other duties as are required of the chair of the board by the board of directors.

Section 3.1.2 President. The president (in the absence of a chair of the board) shall preside at all meetings of the board of directors. Unless the board of directors shall decide otherwise, the president shall be the chief executive officer of the Corporation and shall have general charge and supervision of the business of the Corporation. The president shall perform other duties as are incident to the president's office or are required of the president by the board of directors.

Section 3.1.3 Vice Presidents. In the absence of the president, the vice president or vice presidents shall, in order designated by the president or the board of directors, perform all of the duties of the president. When so acting a vice president shall have all the powers of and be subject to all the restrictions upon the president. The vice president or vice presidents shall have powers and perform other duties as may be prescribed by the chair of the board, the president, the board of directors or these bylaws.

Section 3.1.4 Secretary. The secretary shall keep the minutes of all meetings of the board of directors and committees of the board of directors (if any). The secretary shall give notice in conformity with these bylaws of all meetings of the board of directors. In the absence of the chair of the board and of the president and any vice president, the secretary shall have the power to call meetings the board of directors and committees of the board of directors. The secretary shall also perform all other duties assigned to the secretary by the president or the board of directors. The assistant secretary or assistant secretaries shall, in the order prescribed by the board of directors or the president, perform all the duties and exercise all the powers of the secretary during the secretary's absence or disability or whenever the office is vacant. An assistant secretary shall perform all the duties assigned to the assistant secretary or assistant secretaries by the president or the board of directors.

Section 3.1.5 Treasurer. The treasurer shall be the chief financial and accounting officer of the Corporation. The treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds and the keeping of corporate financial records. The

treasurer shall perform all other duties assigned to the treasurer by the president or the board of directors. The assistant treasurer or assistant treasurers, shall, in the order prescribed by the board of directors or the president, perform all the duties and exercise all the powers of the treasurer during the treasurer's absence or disability or whenever the office is vacant. An assistant treasurer shall perform all the duties assigned to the assistant treasurer or assistant treasurers by the president or the board of directors.

Section 3.2 Resignation of Officers. An officer may resign at any time by delivering notice to the Corporation. Unless a written notice specifies a future effective date, the written notice is effective at the earliest of the following: when the notice is received; five (5) days after its deposit with the U.S. Postal Service as evidenced by the postmark, provided the notice is correctly addressed with first class postage; on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee; or thirty (30) days after its deposit with the U.S. Postal Service as evidenced by the postmark, if correctly addressed but with other than first class, registered or certified postage. Unless an oral notice specifies a future effective date, an oral notice is effective when communicated if communicated in a comprehensible manner. If a resignation is made effective at a future date and the corporation accepts the future effective date, the board of directors may fill the pending vacancy before the effective date if the board of directors provides that the successor does not take office until the effective date.

Section 3.3 Removal of Officers. The board of directors may remove any officer at any time with or without cause. Any vacancy in any office because of resignation, removal, disqualification, or otherwise may be filled by the board of directors for the unexpired portion of the term.

ARTICLE 4

CONFLICT OF INTEREST POLICY

Section 4.1 Interested Person. Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in Section 4.2, is an interested person.

Section 4.2 Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
- b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or

- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation has a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 4.4, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 4.3 Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

Section 4.4 Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Section 4.5 Procedures for Addressing the Conflict of Interest. The following procedures will be followed to address the possible conflict of interest:

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its

own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Section 4.6 Violations of the Conflicts of Interest Policy. The following procedures shall be taken, if a possible conflict of interest has not been disclosed.

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4.7 Proceedings. The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 4.8 Compensation. The following provisions concern compensation:

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 4.9 Annual Statements. Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 4.10 Periodic Reviews. To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management Corporations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 4.11 Use of Outside Experts. When conducting the periodic reviews as provided for in Article 4, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Section 4.12 Coordination with Self-Dealing Rules. If the Corporation is classified as a private foundation under Section 509 of the Internal Revenue Code (the "Code"), then no conflict of interest transaction may be entered into or approved unless the transaction also complies with Section 4941 of the Code and is determined not to be a self-dealing transaction.

ARTICLE 5

MISCELLANEOUS PROVISIONS

Section 5.1 Corporate Records. The Corporation shall keep as permanent records minutes of all meetings of the board of directors, a record of all actions taken by the directors without a meeting, and a record of all actions taken by committees of the board of directors. The Corporation shall maintain appropriate accounting records. The Corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. The Corporation shall keep a copy of the following records at its principal office:

- (1) Articles or restated articles of incorporation and all amendments to them currently in effect;
- (2) Bylaws or restated bylaws and all amendments to them currently in effect;
- (3) A list of the names and business or home addresses of its current directors and officers;
- (4) The most recent annual report delivered to the Hawaii Department of Commerce and Consumer Affairs;
- (5) A copy of the Corporation's application for recognition of exemption under section 501(c) of the Internal Revenue Code filed with the Internal Revenue Service with all supporting documents and any letter issued by the Internal Revenue Service in response; and
- (6) A copy of the Corporation's three most recent annual tax returns.

ARTICLE 6

EMERGENCY BYLAWS

Section 6.1 Emergency Bylaws. The provisions of this Section shall be effective only in an emergency where a quorum of directors cannot readily be assembled because of some catastrophic event. All provisions of the other Sections of these bylaws consistent with this Section remain effective during the emergency.

Section 6.2 Notice of Emergency Board Meeting. Any one member of the board of directors or any one of the officers may call a meeting of the board of directors. Notice of such

meeting need be given only to those directors whom it is practicable to reach, and may be given in any practical manner, including by publication and radio.

Section 6.3 Temporary Directors and Quorum. One or more officers present at a meeting of the board of directors shall be deemed to be directors for the meeting, in order of rank, and within the same rank, in order of seniority, as necessary to achieve a quorum. In the event that less than a quorum (as determined by Section 2.14 of these bylaws) of the directors are present (including any officers who are to serve as directors for the meeting), those directors present (including the officers serving as directors) shall constitute a quorum.

Section 6.4 Permitted Actions. The board as constituted in Section 6.3 and after notice as set forth in Section 6.2 may:

- (1) Prescribe emergency powers to any officer;
- (2) Delegate to any officer or director, any of the powers of the board of directors;
- (3) Designate lines of succession of officers and agents, in the event that any of them are unable to discharge their duties;
- (4) Relocate the principal place of business, or designate successive or simultaneous principal places of business; and
- (5) Take any other action, convenient, helpful, or necessary to carry on the purposes of the Corporation.

ARTICLE 7

AMENDMENT OF ARTICLES AND BYLAWS

Section 7.1 Amendment of Articles of Incorporation. The board of directors may amend its articles of incorporation at any time to add or change a provision that is required or permitted in the articles or to delete a provision not required in the articles by a vote of a majority of the directors in office.

Section 7.2 Amendment of the Bylaws. The board of directors may alter, amend, repeal, or adopt new bylaws.

CERTIFICATE

The undersigned Secretary of ROTARY CLUB OF SOUTH HILO FOUNDATION hereby certifies that the foregoing Bylaws were duly adopted by the board of directors at a meeting held on November 24, 2009, and that the same remain in full force and effect.

DATED: December 1, 2009

James O. Mubagawa
Secretary